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TAGS: [PREL](#) [BTIO](#) [EAD](#) [KPAO](#) [CH](#) [JM](#)

SUBJECT: JAMAICA COMMITTED TO STRONGER TIES WITH CHINA

Classified By: Charge Thomas C. Tighe for Reasons 1.4 (b) and (d).

Summary

11. (C) Eager to attract Chinese investment in Jamaica's economy and tourists to its beaches, Prime Minister P.J. Patterson and Foreign Minister K.D. Knight rolled out the red carpet for Chinese Vice President Zeng Qinghong and his 150-member Chinese trade delegation, which visited Kingston February 2-5. Jamaica has seized the opportunity to encourage Chinese investment, and the clearest indication yet of the GOJ's ambition to expand its relationship with China is its co-sponsoring of the China-Caribbean Trade Fair and Forum, led by Zeng, the highest-ranking PRC official ever to visit Jamaica. The Jamaica Defense Force Chief of Staff is planning to visit the PRC in 2005, possibly seeking an alternative for military assistance should the GOJ not enter into an Article 98 agreement. End Summary.

GOJ Welcomes the Chinese (Investment)

12. (C) The GOJ and GOC co-hosted a China-Caribbean Economic and Trade Cooperation Forum and Trade Fair February 2 through 15. The Forum, which had a ministerial and business conference component, was held at the Jamaica Conference Centre and the Trade Fair was held at the National Arena in Kingston. The Chinese delegation was led by the highest-ranking PRC official ever to visit Jamaica, Vice President Zeng Qinghong. Robert Stephens, Senior Vice President of the Port Authority of Jamaica (PAJ) and Chairman of the event's planning committee told Poloff beforehand that this forum presented a golden opportunity for private sector interests in Jamaica and the Caribbean to forge ties with China.

Prelude to the Visit: the Jamaica-China Relationship

13. (C) With Grenada's recent switch from recognizing Taipei to establishing full diplomatic relations with Beijing (Ref A) continuing a regional trend, Jamaica is proud of its long relationship with the People's Republic of China (PRC). The PRC and Jamaica formally established diplomatic relations on November 21, 1972 and in 1973 China opened its Embassy in Jamaica. But unofficial ties long predated either Jamaican independence or the establishment of the PRC after the Second World War. Chinese immigrants first settled in Jamaica in 1854 as indentured laborers; second and third generation Chinese now account for approximately two percent of Jamaica's population. In May of 1992, the Jamaican government accredited its ambassador to Japan as its non-resident ambassador to China. China is currently building a large new embassy in Kingston which may soon become the second largest mission on the island, after the U.S. Embassy. Jamaica has announced that it would be opening an Embassy in Beijing in the fall.

14. (U) In a recent press release, Chinese Ambassador to Jamaica Zhao Zhenyu stated that Jamaica has been certified as an approved destination for Chinese tourists. (The PRC allows its citizens to undertake group travel only to countries having this status.) In November 2004, FM Knight stated discussions with the Cuban government at the "highest level" will continue in the pursuit of a joint Cuban/Jamaican tourism package. Prime Minister PJ Patterson added that this development would open the Caribbean region to a potential new market and valuable source of tourism revenue.

15. (C) The GOJ sees China as an important source of what it badly needs at this time, employment opportunities for its 13.1 percent unemployed population, and also seeks to leverage the island's location in the Caribbean to enhance its relationship with Beijing. Robert Stephens, Senior Vice President at the Port Authority of Jamaica (PAJ), recently told Poloff that due to Jamaica's geographical location, Jamaica will continue to concentrate on expanding its commercial free zone facilities to be able to provide logistics services for companies from China to bring their goods in bulk to Jamaica and use it as the distribution hub

throughout the Americas. The China-Caribbean Trade Fair and Forum, Stephens noted, is the "foundation on which all of this is built."

China-Caribbean Trade Fair and Forum - Much Ado About Nothing?

16. (C) Ambassador Peter Black, Ministry of Foreign Affairs and Foreign Trade (MFAFT) Undersecretary for Bilateral and Regional Affairs, told Poloff that Jamaica was chosen to host this forum because it is China's largest trading partner in CARICOM. Over the past two years, he said, China provided technical and financial assistance to Jamaica, all towards the goal of expanding trade and increasing political and economic ties. As China continues to seek expansion of its production base by outsourcing some of its production activities, said Black, the Forum and Trade Fair is an excellent opportunity for Jamaica to attract Chinese investment.

17. (C) A ministerial-level forum which convenes every four to five years, alternating between China and a Caribbean country, took place on February 2. The forum's aim was to promote and deepen economic exchanges between China and Caribbean countries. The forum included workshops where senior government officials along with business interest groups, agencies and individuals, addressed topics such as: how to do business with China; the Caribbean investment environment; investment and trade; tourism; aviation; agricultural and fishing cooperation; finance and human resources; and business networking. In preparation for the Forum and Trade Fair, the GOJ in collaboration with the PRC held numerous "sensitization seminars" which focused on cultural awareness, business principles and practices in China and the Caribbean, as well as customs and immigration issues.

18. (C) Although press briefing materials and the PAJ's Stephens claimed over 50 exhibitors from China would participate along with over 500 buyers and business partners from the Caribbean region, there were only 17 exhibitors from China and approximately ten from the Caribbean, including Jamaica. (Note: According to Nicholas Baylis, Assistant Vice President of Security at the PAJ, during a post-Fair meeting, the President of the PAJ criticized Stephens for being "duped by the Chinese" regarding the number of Chinese exhibitors that were promised. However, the PAJ stated in a February 10 press release that the Fair was a success reiterating their claim that over 80 Chinese exhibitors were present. End Note.) Poloff attended both the opening ceremony and the last day of the fair. Readily apparent was the absence of many Jamaican business people. The Chinese exhibitors surveyed on the last day of the fair told Poloff that many visitors to the booths were more interested in purchasing the goods on display than on entering into business partnerships.

19. (C) Liu Jian Ling, Marketing Agent for the China National Construction and Agricultural Machinery Import and Export Corporation, said that she was "very anxious to enter into a partnership with the Jamaicans, but not much Jamaican interest right now." Although Jamaica has been certified an approved Chinese tourist destination, a representative from the China Commercial International Travel Service said that she had not received any real interest in partnering from Jamaican tourism agencies. Tellingly, an editorial cartoon that appeared in a leading Jamaican daily during the conference depicted a forlorn-looking Prime Minister Patterson, seated at an empty conference table, facing Vice President Zeng, whose table is laden with Chinese-made shoes, computers and other goods ready for sale to Jamaicans.

Forging Stronger Ties

10. (U) During the opening ceremony of the Trade Forum on February 2, Vice President Zeng called for continued and substantive progress in China's relationship with the Caribbean. He proposed the exploration of new forms of cooperation; the need for governments to seek to expand the ways they are providing quality services; and the need to encourage cultural exchanges. He also proposed that the Caribbean region should engage in greater consultation and cooperation with China "in order to safeguard common interests."

11. (U) During the trade delegation's visit to Kingston:

-- Antigua, Bahamas, Barbados and St. Lucia signed the Approved Destination Status (ADS) memorandum that facilitates Chinese nationals wanting to travel to the Caribbean;

-- Jamaica's Ministry of Transport and Works and the China National Machinery Equipment Corp Group (CNMEC) signed a Memorandum of Understanding for the rehabilitation and

reconstruction of the island's railway system. CNMEC will provide passenger coaches, cargo, wagons and locomotives for the system. GOJ officials claim the PRC initially expressed an interest in this project. Other MOUs were signed between Jamaica and China ranging from tourism cooperation to Chinese language training; and

-- PAJ and COSCO, China's national shipping line, signed a Memorandum of Understanding for China to conduct a feasibility study for further development of the transshipment terminal.

China's Impact on Jamaica's Economy

12. (C) Jamaica has become China's biggest Caribbean trading partner, exporting alumina and bauxite while importing textiles, clothing and industrial products. A GOJ analysis of Jamaica's alumina shipments by destination revealed that China accounted for about 21 percent of volume shipments originating from Jamaica in the first eleven months of 2004, making China Jamaica's second largest market after Canada. The PAJ is developing larger free zone areas to accommodate the expected increase in required capacity it expects that Chinese investment will bring in the next five to ten years. Trade between Jamaica and China was US\$210 million in 2003, up thirty percent from 2002. Meanwhile, the Jamaican House of Representatives approved a US\$21 million loan agreement between the PAJ and the Export/Import Bank of China. The loan will facilitate the purchase of four new gantry cranes that will be installed at the north and south terminals of the Kingston container terminal. The cranes will be provided by the Shanghai Zhenhua Port Machinery Company. The purchase of these cranes will assist in expansion of the ports. Stephens said that the Chinese are looking for an area to use as a distribution hub for the Americas, and "what better place than Jamaica?" Twenty of Jamaica's 22 ports have been certified International Ship and Port Facility Security (ISPS) compliant. The GOJ has taken ISPS compliance very seriously and recognizes that this status will attract more trade through its ports.

From Table Tennis to Sports Complexes

13. (C) The PRC has not been shy in showing its commitment to the GOJ in ways other than trade. In 2004, Ambassador Zhao provided badminton equipment worth JM\$1.5 million to the Jamaica Badminton Association to assist in development of the sport in Jamaica. During this announcement, Ambassador Zhao formally introduced two Chinese coaches secured by the Jamaica Table Tennis Association (JTAA) to teach table tennis on a two-year contract. Under the agreement, the PRC will be responsible for their salaries and accommodation. On January 4, Minister of Foreign Affairs and Foreign Trade K.D. Knight, in a joint press event with Ambassador Zhao, signed a contract for the PRC to fully fund and construct a J\$222 million (approximately U.S.\$3 million) multi-sports complex in the Sligoville, St. Catherine area by spring of 2006. The complex will house the first dedicated cricket and soccer fields on the island. Interestingly, the planned sports complex is to be built in a rural and semi-remote locale, but which is in the parliamentary constituency of FM Knight.

14. (C) China has also funded a language laboratory at the University of the West Indies and has agreed to send a teacher from the PRC. The lab is scheduled to be commissioned sometime in February, after the Trade Forum.

China and Jamaica's Military

15. (C) In addition to increasing trade ties with Jamaica, on November 29, 2004, China and Jamaica signed a Memorandum of Understanding wherein the PRC will provide US\$362,000 in the form of uniforms, teaching aids and tents to the Jamaica Defense Force (JDF). This is the second grant for the JDF from the Chinese government. The first MOU was signed December 5, 2002, and provided US\$234,000 for uniforms, computers, radios and other non-operational, non-combat equipment. The JDF has sent one officer to Chinese Command and General Staff College in China. JDF Chief of Staff, Rear Admiral Hardley Lewin's visit to China in April, 2005 will be totally funded by the PRC. DATT and MLO report that Lewin's visit may be to investigate options should Jamaica lose military assistance from the U.S. if the GOJ decides not to enter into an Article 98 agreement. China does not have a military attach assigned to Jamaica; however, as China steps up aid to the JDF, one may be assigned in the future.

Comment

16. (C) GOJ interest in pursuing closer ties with China is genuine given the size of the Chinese market, and also because the PRC offers a potential alternative for providing military assistance for the resource-starved Jamaica Defense Force, in the event GOJ nonresponsiveness (thus far) to concluding an Article 98 agreement should lead to a reduction in certain military assistance from the USG. From the GOJ's perspective, the meat of the trade delegation's visit can be found in the agreements concluded under its auspices. Still, the GOJ's failure to match its lofty rhetoric about fostering "trade partnerships" with at least a respectable number of visitors to the fair itself, spoke volumes about Jamaica's current readiness to make the most of trade ties with China. The GOJ is seeking to expand its export market and ensure that it has a leading and secure port facility in the hemisphere as well as increased capacity in its commercial free zone facilities, factors which will tie in with Jamaica's growing economic relationship with the PRC.

TIGHE